

Message Text

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67

ACTION XMB-07

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 L-03 DRC-01 /097 W

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R 051225Z OCT 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 1401

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FOR EXIMBANK

E.O. 11652: N/A

TAGS: BEXP, EFIN, VE

SUBJ: EXIM PRELIMINARY COMMITMENT TO FIOR DE VENEZUELA (73-00-1758A)

REF: EXIM LETTER, JULY 17, 1973

1. MESSRS. MAYOBRE AND MOLINA, PRESIDENT AND GENERAL MANAGER RESPECTIVELY OF FIORDE VENEZUELA, CALLED 2 OCTOBER TO SOLICIT EMBASSY'S HELP IN COMMUNICATING THE COMPANY'S DESIRE THAT THE PERCENTAGE OF EXIM'S ASSISTANCE IN PURCHASE OF U.S. GOODS BE

INCREASED. THE TOTAL PURCHASES FROM THE U.S. FOR CONSTRUCTION OF PELLETIZING PLANT ARE ESTIMATED TO COST \$17,456,000. ACCORDING TO PRELIMINARY COMMITMENT EXIM AGREED TO PARTICIPATE UP TO 45 PERCENT OF SUM OR \$7,855,000.

2. FIOR OFFICERS EXPLAINED THAT HISTORICALLY HIGH EURO CURRENCY RATES AND PREMIUM REQUIRED BY COMMERCIAL BANKS COULD PUSH THE EFFECTIVE INTEREST RATE ABOVE 12 PERCENT. RISING PRICES OF COMPONENTS AND MODIFICATION OF DESIGN TO ACCOMMODATE NATURAL GAS WITH HIGHER CO2 THAN ANTICIPATED HAD ADDED APPROXIMATELY \$5,000,000 TO EARLIER ESTIMATES OF CONSTRUCTION COSTS.

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3. COMPANY WOULD LIKE TO MINIMIZE THE IMPACT FOR UNFORESEEN PRICE

INCREASES, CONSTRUCTION MODIFICATIONS AND HIGH COMMERCIAL BANK LOAN RATES BY RECEIVING INCREASED ASSISTANCE FROM EXIM AT ADVANTAGEOUS INTEREST RATE.

4. EMBASSY WOULD APPRECIATE KNOWING IF EXIM'S SHARE OF LOAN TO FIOR CAN BE AUGMENTED AND IF SO WHAT COURSE OF ACTION SHOULD BE TAKEN.

5. FIOR OFFICIALS INDICATED THAT MIDLAND MARINE BANK OF CLEVELAND, OHIO, WHICH IS ALSO FINANCING PROJECT, WOULD HAVE NO OBJECTIONS TO EXIMBANK'S FINANCING MORE THAN 45 PERCENT OF THE PROJECT.

6. "FORMULARIO A" IS BEING PREPARED AND WILL BE SUBMITTED IN 7-10 DAYS.
RANDOLPH

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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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EO Systematic Review
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To: STATE
Type: TE
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